

Message Text

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PAGE 01 NEW DE 11958 121625Z

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ACTION NEA-12

INFO OCT-01 EUR-25 ISO-00 AGR-20 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 7337

INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

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AMCONSUL CALCUTTA

AMCONSUL MADRAS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJ: WEEKLY FOODGRAIN SITUATION

REF: A) NEW DELHI 11639, B) NEW DELHI 11768

BEGIN SUMMARY - DURING THE PAST WEEK, INDIAN NEWS MEDIA WERE
RELATIVELY QUIET ABOUT FOOD AND AGRICULTURAL PROBLEMS DUE,
IN PART, TO THEIR PREOCCUPATION WITH DEVELOPMENTS IN THE MIDDLE
EAST. THE FIRST SHIPMENT OF WHEAT UNDER THE RECENTLY ANNOUNCED
SOVIET GRAIN LOAN ARRIVED IN INDIA ON OCTOBER 8. FOODGRAIN
IMPORTS DURING SEPTEMBER TOTALED 276,900 METRIC TONS, BRINGING
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PAGE 02 NEW DE 11958 121625Z

THE JANUARY-SEPTEMBER 1973 TOTAL TO 2.1 MILLION

TONS. PROCUREMENT PRICES FOR THE 1973-74 FALL -HARVESTED FOOD-
GRAINS WERE ESTABLISHED AT LEVELS 20-37 PERCENT ABOVE THOSE
OF LAST YEAR. END SUMMARY.

1. DURING THE PAST WEEK, INDIAN NEWS MEDIA WERE RELATIVELY
QUIET ABOUT FOOD AND AGRICULTURAL PROBLEMS DUE, IN PART, TO
OTHER IMPORTANT NEWS, INCLUDING DEVELOPMENTS IN THE MIDDLE EAST.
SOME FOOD-RELATED DEMONSTRATIONS, RIOTS, AND LOOTINGS WERE
REPORTED IN THE WESTERN STATE OF MAHARASHTRA. OVERALL, THERE
HAS BEEN SOME IMPROVEMENT IN FOOD SUPPLIES IN RURAL AREAS OF
INDIA, DUE TO HARVESTING OF EARLY MATURING CROPS. SLIGHT
DECLINES IN PRICES OF SOME FOODGRAINS IN RURAL AREAS HAVE
BEEN REPORTED. SIMILAR DEVELOPMENTS ARE EXPECTED IN URBAN
CENTERS WITHIN THE NEXT FEW WEEKS AS FOOD SUPPLIES IMPROVE.

2. THERE HAVE BEEN NO FURTHER DEVELOPMENTS CONCERNING THE
SOVIET GRAIN LOAN TO INDIA SINCE THE ARRIVAL OF THE FIRST
SHIPMENT OF WHEAT IN MADRAS (REF B). THE INDIAN NEGOTIATING TEAM
IS STILL IN MOSCOW WORKING OUT DETAILS FOR IMPLEMENTING THE
AGREEMENT.

3. FOODGRAIN IMPORTS DURING THE MONTH OF SEPTEMBER TOTALED
276,900 METRIC TONS, INCLUDING 135,800 TONS OF WHEAT, 125,900
TONS OF MILO FROM THE UNITED STATES, AND 15,200 TONS OF MILO
FROM ARGENTINA. TOTAL IMPORT ARRIVALS FROM JANUARY 1 THROUGH
SEPTEMBER 30, 1973, WERE 2,081,700 TONS, INCLUDING 600,300
TONS OF WHEAT, 630,100 TONS OF MILO FROM THE US, 476,400 TONS
OF WHEAT FROM CANADA, 189,000 TONS OF WHEAT AND 185,900 TONS
OF MILO FROM ARGENTINA.

4. THE GOI ANNOUNCED A UNIFORM GOVERNMENT PROCUREMENT
PRICE FOR STANDARD VARIETIES OF ROUGH RICE AT RS 70 PER QUINTAL
FOR THE CURRENT SEASON. LAST YEAR'S PROCUREMENT PRICES RANGED
FROM RS 51 TO RS 58 PER QUINTAL FOR STANDARD VARIETIES IN
DIFFERENT STATES. STATE GOVERNMENTS HAVE BEEN AUTHORIZED TO
DEVELOP AND ANNOUNCE PROCUREMENT PRICES FOR OTHER VARIETIES
OF ROUGH RICE. NEW PROCUREMENT PRICES OF COARSE GRAINS ARE:
BAJRA (SPIKED MILLET), RS 72 PER QUINTAL; MAIZE, JOWAR (GRAIN
SORGHUM) AND RAGI (SMALL MILLET), RS 70 PER QUINTAL. THESE
PROCUREMENT PRICES REPRESENT AN INCREASE OVER LAST YEAR'S
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PAGE 03 NEW DE 11958 121625Z

PROCUREMENT PRICES OF 21-37 PERCENT FOR ROUGH RICE, 20 PERCENT
FOR BAJRA, 21 PERCENT FOR MAIZE AND JOWAR, AND 23 PERCENT FOR
RAGI.

5. COMMENTS FROM GOI OFFICIALS AND NEWS MEDIA REPORTS CONTINUE
TO INDICATE GOOD TO EXCELLENT PROSPECTS FOR FALL HARVESTED
GRAINS AND POSSIBLY A RECORD FOODGRAIN HARVEST FOR THE CROP
YEAR 1973-74. EMBASSY OFFICIALS BELIEVE, AT THIS TIME, THAT

THE 1973-74 TOTAL FOODGRAIN HARVEST IS LIKELY TO EQUAL OR POSSIBLY EXCEED THE PREVIOUS RECORD HARVEST OF 108.4 MILLION TONS IN 1970-71.

6. DESPITE PROSPECTS FOR AN EXCELLENT FOODGRAIN HARVEST, PLUS OUTSTANDING IMPORT ARRANGEMENTS OF ABOUT FOUR MILLION TONS OF GRAIN FOR ARRIVAL DURING THE NEXT FEW MONTHS, THE GOI IS STILL IN THE MARKET FOR ADDITIONAL FOODGRAIN IMPORTS. WE UNDERSTAND THAT AUSTRALIA HAS INDICATED ITS WILLINGNESS TO EARMARK ONLY 200,000 TONS OF WHEAT FOR INDIA FROM THEIR NEXT HARVEST AND THAT THIS QUANTITY IS BELOW THE GOI'S INITIAL REQUEST. WE ALSO UNDERSTAND GOI HOPES TO MAKE ADDITIONAL PURCHASES OF WHEAT FROM CANADA.
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